

Hathaway LLC.

Fruitvale Oil field

The Division of Oil, Gas, and Geothermal Resources (Division) received an application from Hathaway LLC, for a water disposal project into the Santa Margarita formation, located in the Fruitvale Oil field. The updated application was received on October 21, 2014 and assigned to UIC staff in Sacramento for review. Although the Santa Margarita Formation is listed as a producing zone in the field, the Primacy application supporting documentation indicates that the only Santa Margarita production at the time of Primacy was located in Section 24, T29S, R27E on the east side of a major fault from the proposed injection project, and not in the area of the proposed project.. The cross section in the area of the proposed project does not indicate any Santa Margarita production. Those areas that were producing at the time of Primacy would be covered in the aquifer exemptions approved as part of the Memorandum of Agreement with the US Environmental Protection Agency (US EPA). The State did not request an aquifer exemption for any non-hydrocarbon producing formations in the Fruitvale field as part of its Primacy application.

The water quality of the Santa Margarita aquifer, in the area of the proposed project, ranges from 2,770 to 5,680 mg/l TDS. Based upon the TDS values, the aquifer is a USDW and an aquifer exemption would be required prior to approving an injection project.

In a Central Valley Regional Board Resolution No. 91-86, dated April 26, 1991, the Board amended the Basin Plan removing the MUN designation from ground waters contained in the basal Etchegoin formation, Chanac formation, and Santa Margarita formation within and extending to one-quarter mile outside the administrative boundary of the Fruitvale Oil field as defined by the California Division of Oil and Gas publication "Application for Primacy in the Regulation of Class II Injection Wells Under Section 1425 of the Safe Drinking Water Act" dated April 1981. In addition, this decision was based on: *"The California Division of Oil and Gas, pursuant to 40 CFR 146.4, has administratively exempted as underground sources of drinking water aquifers of the basal Etchegoin, Chanac, and Santa Margarita formations within, and extending to one-quarter mile outside the administrative boundary of the Fruitvale Oil Field"*.

The representation of the aquifer exemptions granted by the US EPA, not the Division, is incorrect. There are no administrative boundaries indicated in the referenced publication, nor is the Santa Margarita shown as productive anywhere but a very small portion in Section 24, T29S, R27E. The exemption granted by the US EPA for aquifers were only for those areas of an aquifer that were productive. The justification for such a de-designation appears to be based upon false or incomplete data.

As a possible result of the mis-representation of the Santa Margarita aquifer and other data unknown to the Division, several wells outside the Division's jurisdiction have been

permitted and allowed to inject refinery waste into the Santa Margarita USDW. Hathaway is claiming the aquifer is exempt based upon the action of permitted injection into the Santa Margarita aquifer, by both the Central Valley Regional Water Quality Control Board and the US EPA. The Division is seeking clarification on the status of the Santa Margarita aquifer from both the Regional and State Water Boards, as well from the US EPA.